

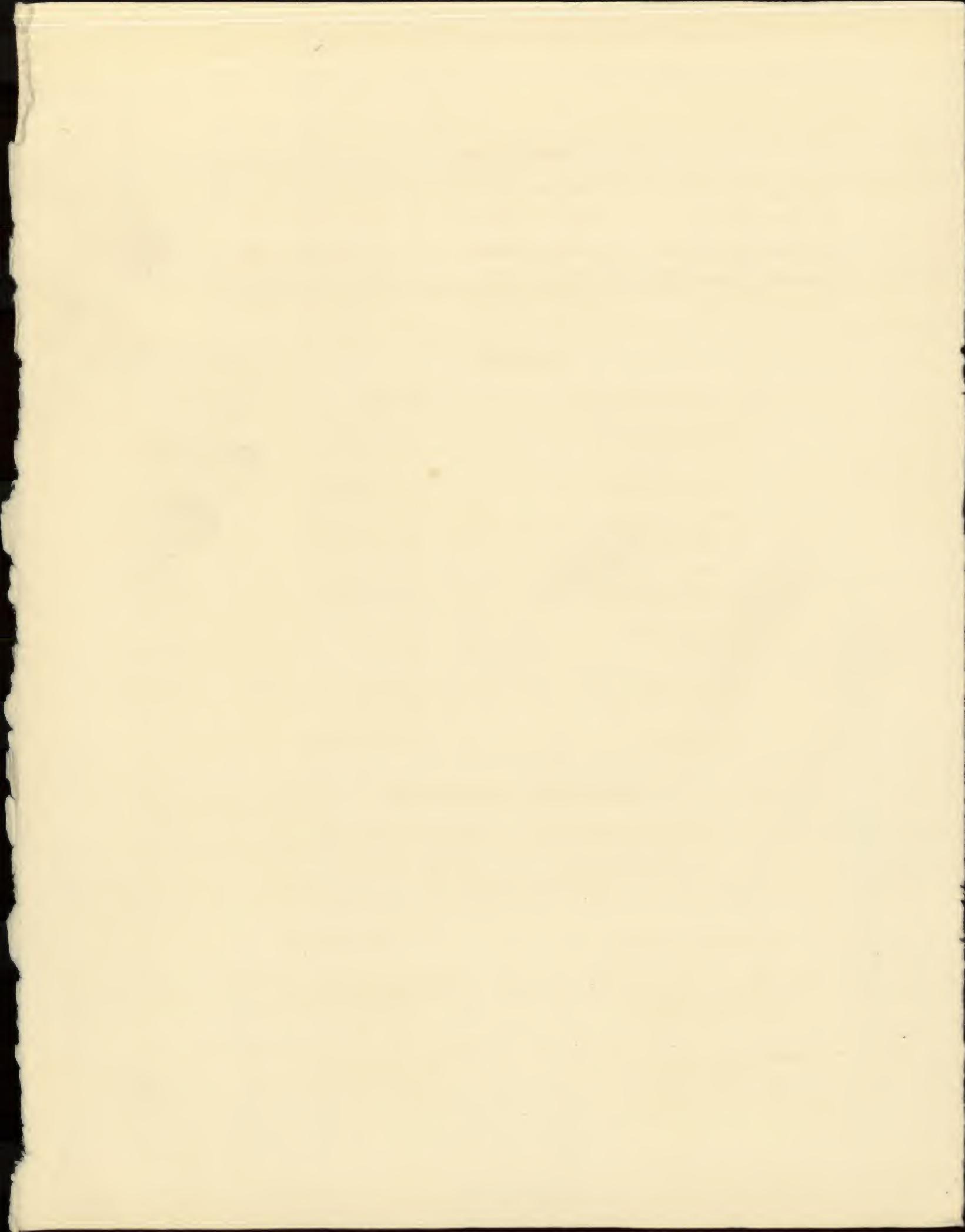
ANNUAL REPORT
TO
STOCKHOLDERS

For the calendar year
1947

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ANHEUSER-BUSCH, INCORPORATED
ST. LOUIS, MO.



DIRECTORS

EBERHARD ANHEUSER	L. BUSCH FAUST	GEO. A. H. MILLS
W. FRED ANHEUSER	HORACE C. FLANIGAN	PERCY J. ORTHWEIN
AUGUST A. BUSCH, JR.	A. VON GONTARD	WALTER REISINGER
DAVID R. CALHOUN, JR.	H. NORRIS LOVE	ETHAN A. H. SHEPLEY
EMMET T. CARTER	EDWARD MAGNUS	ARTHUR E. WRIGHT

OFFICERS

AUGUST A. BUSCH, JR.	<i>President</i>
EBERHARD ANHEUSER	<i>Vice-President</i>
W. FRED ANHEUSER	<i>Vice-President</i>
A. VON GONTARD	<i>Vice-President</i>
JAMES J. CARROLL	<i>Vice-President</i>
R. W. UPSHAW	<i>Vice-President</i>
L. BUSCH FAUST	<i>Vice-President</i>
G. G. KINDERVATER	<i>Vice-President</i>
J. E. ROANTREE	<i>Comptroller</i>
K. SIEBERT	<i>Secretary</i>
O. L. LIVESAY	<i>Treasurer</i>
F. H. SCHWAIGER	<i>Brewmaster</i>
J. E. RITTER	<i>Assistant Secretary</i>

EXECUTIVE COMMITTEE

AUGUST A. BUSCH, JR.	EBERHARD ANHEUSER
A. VON GONTARD	EDWARD MAGNUS
DAVID R. CALHOUN, JR.	

TRANSFER AGENTS

ST. LOUIS UNION TRUST COMPANY
323 North Broadway
St. Louis 2, Missouri

MANUFACTURERS TRUST COMPANY
55 Broad Street
New York 15, New York

REGISTRARS

MISSISSIPPI VALLEY TRUST COMPANY
225 North Broadway
St. Louis 2, Missouri

GUARANTY TRUST COMPANY OF NEW YORK
140 Broadway
New York 15, New York

St. Louis, Missouri
March 12, 1948

TO THE STOCKHOLDERS OF
ANHEUSER-BUSCH, INCORPORATED

With this letter I am submitting comparative balance sheets at December 31, 1947 and December 31, 1946 of Anheuser-Busch, Incorporated consolidated with its wholly owned subsidiaries. Results of the combined operations show a final net profit of \$9,883,845, or \$2.20 per new share, compared to \$8,461,311 in 1946, or \$1.88 on a new share basis.

On August 12, 1947 the stockholders authorized a 5-for-1 split in the company's capital stock and a reduction in its par value. The capital stock is now represented by 4,500,000 shares with a par value of \$4 each.

The 1947 results were the best in the company's history and the improvement over 1946 is primarily accounted for by achievement of larger beer production. The past year was the first since 1942 that our beer production was not restricted by grain conservation regulations.

Voluntary Grain Curtailment

In connection with the Government's program of exporting grains to European countries, the brewing industry joined in a plan (effective November 1, 1947 and still in operation) to conserve critical grains, involving reduction in the use of corn and elimination of wheat and table grades of rice. As your company has never used either corn, wheat or table grades of rice, it was not affected by this voluntary plan, but will be if the program now before the Department of Agriculture is adopted. This last plan was proposed by the industry in February in response to request of the Department of Agriculture, which is seeking limitations on all grains used in beer production. This may become effective April first, but considering the large crops reported from Australia and South America, and the outlook for European crops, it is hoped it will be only a slight curtailment and of short duration.

Rehabilitation and Expansion Program

During 1947 your company was able to accelerate its program of rehabilitation and expansion, which had been arrested by wartime conditions, postwar restrictions and material shortages. The program for replacing old bottling units with modern high speed units has advanced, as has also construction work on additional beer stock cellars. These facilities will make available this summer additional production capacity.

Actual 1947 cash outlay for rehabilitation and expansion of manufacturing facilities amounted to \$9,502,000, of which \$6,270,000 was taken from the special capital expenditures fund accumulated for the purpose during the years 1942 through 1946.

Inventories

Inventory investment increased during 1947 due to price increases on many items, to quantity increases in essential beer raw materials, and a new item in inventory—frozen eggs—now being distributed to the baking industry. Our principal raw materials are valued under the "last-in, first-out" inventory method which is substantially under current replacement costs. This insures against loss on these materials through decline in commodity markets.

Group Insurance and Retirement Income Plan

It is a pleasure to report the fruition of years of study of many employee insurance and retirement plans. On December 22, 1945 you authorized the directors to develop and inaugurate such a plan, which became effective as of November 1, 1947.

Our group insurance plan offers to all employees after completion of one month of service, group life insurance, accident and sickness benefits, hospitalization, surgical and

medical care benefits for themselves, and hospital and surgical benefits for their dependents. This plan, which is insured with the General American Life Insurance Company of St. Louis, is financed by company contributions and payroll deductions.

On November 1, 1947 a formal Retirement Income Plan also was inaugurated, under contract with The Prudential Insurance Company of America. All full-time employees who have attained the age of thirty and who have completed three years of continuous service are eligible. Employees contribute a portion of future service benefit costs, but the company is assuming all costs relating to past service.

To date there has been very satisfactory acceptance by employees on both plans. Premiums paid and charged against 1947 operations totaled \$1,314,261.

Beer Prices

After careful study of the marked advances in cost of labor and materials, we reluctantly decided to increase, effective February 1, 1948, the f. o. b. brewery price 10 cents a case on Bottled Budweiser and 15 cents a case on Canned Budweiser. This makes a total increase, since beer was re-legalized, of 34 cents a case (only 1.4 cents per bottle), exclusive of Federal excise tax advances from \$5.00 to \$8.00 per barrel.

Yeast-Malt-Corn Products Division

This division made gains in volume of principal products sold. While satisfactory, the profit for this division was less than in the year 1946 because of the downward trend in profit margin during the last six months of the year on all products made from corn. The extremely high price of corn prevented profitable pricing of corn sweeteners in competition with beet and cane sugar following the mid-year withdrawal of Governmental price and usage restrictions on these staples. At the end of January 1948 there was a break in the grain market and corn prices are not yet stabilized. Full recovery of normal balance between corn costs and sales prices of corn products may not be realized until the size of the 1948 crop is indicated.

Refrigerated Cabinet Division

This division produces refrigerated cabinets for the ice cream and dairy industries, and achieved a satisfactory volume and profit despite difficulties in procuring an adequate supply of sheet steel.

Employee Relations

New wage contracts negotiated in 1947 and increases granted to salaried employees represent additional wage and salary costs for 1948 of about \$1,700,000. As in the past, employee relations during 1947 were good, and no work stoppages occurred.

Taxes

Direct taxes reached a new high in 1947, with a total of \$40,381,400, equivalent to \$8.97 per new share. Federal taxes alone, including beer excise taxes, accounted for \$34,470,800.

* * *

I want to express my appreciation of the cooperation of our employees whose efforts have contributed so much to the achievements of 1947. It is generally recognized that economic conditions are changing and that real competition is again returning in all fields of American business. With our new facilities and competent organization I believe your company is well equipped to meet the challenge of the future.

Respectfully submitted,

AUGUST A. BUSCH, Jr.,
President.

ANHEUSER-BUSC
AND SUBSIDIARIES

Consolidated Balance Sheet, December 31

ASSETS	December 31, 1947	December 31, 1946	Increase <i>Decrease</i>
CURRENT ASSETS:			
Cash.....	\$ 5,070,833	\$ 6,285,154	\$ 1,214,321
United States Government securities—at cost (in addition to those deducted from Federal taxes—\$5,870,000 in 1947 and \$5,283,000 in 1946).....	3,409,600	1,101,600	2,308,000
Revenue stamps.....	960,465	1,088,306	127,841
Accounts and notes receivable:			
Trade accounts (less reserves—\$332,443 in 1947 and \$375,855 in 1946).....	4,080,817	3,450,042	630,775
Group insurance premiums advanced—deductible from salaries and wages in 1948.....	273,135		273,135
Accrued interest and other receivables.....	424,224	253,241	170,983
Inventories (finished products and products in process (except beer) at approximate cost; materials and supplies at lower of average cost or market; and raw materials, beer in process, and bottles at cost determined under the "last-in, first-out" method).....	13,995,182	11,638,021	2,357,161
Total current assets.....	\$28,214,256	\$23,816,364	\$ 4,397,892
MISCELLANEOUS ASSETS:			
Capital expenditure fund (United States Government securities, \$7,224,000, special deposits, \$170,496 in 1947; United States Government securities, \$10,300,000, cash, \$3,365,196 in 1946).....	\$ 7,394,496	\$13,665,196	\$ 6,270,700
Sundry investments and non-current receivables.....	153,494	224,578	71,084
Total miscellaneous assets.....	\$ 7,547,990	\$13,889,774	\$ 6,341,784
PROPERTY:			
Plant and branch property (less reserve for depreciation, \$20,046,572 in 1947 and \$19,085,336 in 1946)—plant property at appraised values as of January 1, 1919, plus subsequent net additions at cost, and branch property at cost).....	\$26,336,108	\$21,876,682	\$ 4,459,426
Contracts for equipment and construction.....	4,874,915	4,851,470	23,445
Real estate, other than plant property—at cost (less reserve for depreciation, \$798,653 in 1947 and \$841,078 in 1946)...	1,468,388	1,174,801	293,587
Cooperage, drums, and cases—at cost (less reserve for depreciation, \$3,191,397 in 1947 and \$5,367,184 in 1946).....	4,173,548	1,841,506	2,332,042
Net property.....	\$36,852,959	\$29,744,459	\$ 7,108,500
DEFERRED CHARGES:	\$ 857,064	\$ 402,190	\$ 454,874
TOTAL	\$73,472,269	\$67,852,787	\$ 5,619,482

CH, INCORPORATED
DIARY COMPANIES

ember 31, 1947 and 1946, and Comparison

LIABILITIES	December 31, 1947	December 31, 1946	Increase Decrease
CURRENT LIABILITIES:			
Accounts payable and accrued expenses.....	\$ 4,759,819	\$ 3,895,093	\$ 864,726
Amount refundable on returnable containers.....	392,085	430,308	38,223
Federal income taxes—estimated (after deduction of United States Treasury tax notes—\$5,870,000 in 1947 and \$5,283,000 in 1946).....	430,000	77,000	353,000
State income taxes—estimated.....	165,000	150,000	15,000
Total current liabilities.....	<u>\$ 5,746,904</u>	<u>\$ 4,552,401</u>	<u>\$ 1,194,503</u>
CONTRACTUAL OBLIGATIONS FOR EQUIPMENT AND CONSTRUCTION PAYABLE OUT OF CAPITAL EXPENDITURE FUND.....	\$ 4,874,915	\$ 4,851,470	\$ 23,445
RESERVE FOR CONTINGENCIES.....	\$ 177,689	\$ 260,000	\$ 82,311
CAPITAL STOCK —Authorized and outstanding 4,500,000 shares of \$4 each in 1947 and 900,000 shares of \$20 each in 1946.....	<u>\$18,000,000</u>	<u>\$18,000,000</u>	
SURPLUS:			
Arising from appreciation of plant property as of January 1, 1919.....	\$ 4,777,663	\$ 4,777,663	
Earned.....	<u>39,895,098</u>	<u>35,411,253</u>	<u>\$ 4,483,845</u>
Total surplus.....	<u>\$44,672,761</u>	<u>\$40,188,916</u>	<u>\$ 4,483,845</u>
TOTAL.....	<u>\$73,472,269</u>	<u>\$67,852,787</u>	<u>\$ 5,619,482</u>

**ANHEUSER-BUSCH, INCORPORATED
AND SUBSIDIARY COMPANIES**

**Summary of Consolidated Income and Earned Surplus
for the Year Ended December 31, 1947**

PROFIT FROM OPERATIONS.....	\$16,114,881
OTHER INCOME:	
Interest earned and dividends received.....	\$205,006
Cash discounts on purchases.....	152,741
Rental income—net.....	144,323
Profit from sales of securities.....	165,967
Profit from sales and retirements of property—net.....	20,378
Miscellaneous.....	33,986
	<u>722,401</u>
GROSS INCOME.....	\$16,837,282
INCOME CHARGES:	
Cost of past service credits to employees under Retirement Income Plan.....	\$529,383
Miscellaneous.....	86,440
	<u>615,823</u>
NET INCOME BEFORE PROVISION FOR INCOME TAXES.....	\$16,221,459
PROVISION FOR FEDERAL AND STATE INCOME TAXES—Estimated.....	6,337,614
NET INCOME FOR THE YEAR.....	\$ 9,883,845
EARNED SURPLUS, JANUARY 1, 1947.....	35,411,253
TOTAL.....	<u>\$45,295,098</u>
DIVIDENDS ON CAPITAL STOCK.....	5,400,000
EARNED SURPLUS, DECEMBER 31, 1947.....	<u>\$39,895,098</u>

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

418 OLIVE STREET
SAINT LOUIS 2

ACCOUNTANTS' CERTIFICATE

ANHEUSER-BUSCH, INCORPORATED:

We have examined the consolidated balance sheet of Anheuser-Busch, Incorporated and its subsidiaries (August A. Busch & Co., Incorporated, August A. Busch & Co. of Massachusetts, Inc., and Southern Syrup Company, Inc.) as of December 31, 1947 and the related summary of consolidated income and earned surplus for the year ended that date. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and summary of consolidated income and earned surplus present fairly the financial condition of the companies at December 31, 1947 and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

February 23, 1948.

